



Rail Enhancement Fund
Project Application Form

Internal Use

2010004a

DRPT Tracking #

Date: January 30, 2009

Amended: February 9, 2009

For Berryville, Elkton, Bentonville and Stanley Projects

A. Name of Applicant (Name and Address)

Norfolk Southern Railway Company
Three Commercial Place
Norfolk, VA 23510

Applicant type:

☐ Passenger Railroad
☒ Freight Railroad
☐ Locality
☐ Business
☐ Other _____

B. Contact Information:

Responsible Person/Title: Bill Schafer, Director Strategic Planning

Telephone: 757-629-2894 Fax: 757-533-4884 Email: bill.schafer@nscorp.com

Project Manager/Title: Bill Schafer, Director Strategic Planning

Telephone: 757-629-2894 Fax: 757-533-4884 Email: bill.schafer@nscorp.com

C. Project Title: Crescent Corridor Initiatives

D. Project Location: (City/County, Rail line, Railroad Mile Post, attach map)

See Appendix 1 – Spread Sheet of the Four Crescent Corridor Projects Described in
2/4/09 Framework Agreement

See Appendix 2 – Details of each project

E. Owner of Property/Right-of-Way/Facility/Personal Property:

Norfolk Southern Railway Company owns the mainline track rights-of-way, tunnels, bridges, and related appurtenances. NS or an affiliate will acquire any property required.

F. Responsible Party for Continuous Maintenance of Project:

Norfolk Southern Railway Company. This Application is for capital costs only. NS will assume all ongoing maintenance and operating cost responsibilities and future capital costs.

G. Project Information:

- 1) Description of Project:
- 2) Project Objectives:

Overview of Norfolk Southern's Crescent Corridor Project

In 2007, Norfolk Southern (NS) announced the Crescent Corridor Project, an ambitious endeavor to develop premium rail intermodal service between the Northeast, the Southeast and the Southwest to attract domestic freight from paralleling interstate highways. While intermodal trains operate in this corridor today, they are few and their effect on the level of through truck traffic is minimal.

Following the success of the public-private funding that implemented the Heartland Corridor, NS conceived of the Crescent Corridor as another public-private partnership with significant potential to alleviate truck congestion on major interstate highways. The greatest benefit would be realized on Interstate 81, which runs the length of the Commonwealth of Virginia and which is the Nation's principal truck artery between the Northeast and the South.

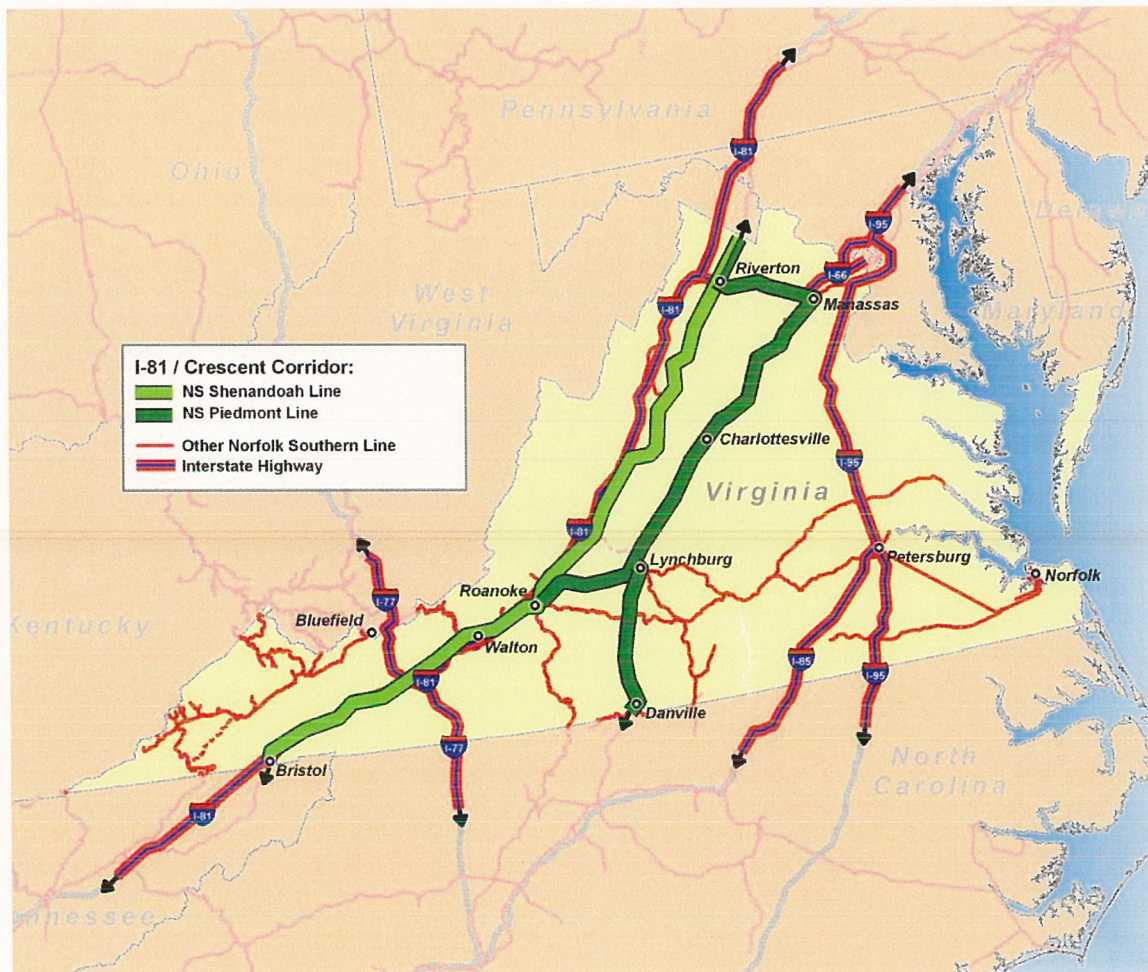
NS estimates that the Crescent Corridor, when fully implemented, will cost between \$2 and 3 billion, and will divert over 1 million trucks per year. Most of these trucks would have traveled on Virginia highways for part of their journeys. NS must find public partners to make full Crescent Corridor service a reality – NS does not have the wherewithal to make the necessary improvements on its own in a meaningful time frame – and is grateful for Virginia's interest and support to date. NS is also partnering with other states and seeking partnership at the federal level.

Overview of NS Routes in Virginia Needed for Crescent Corridor

NS realizes that the Crescent Corridor's enormous freight market has many originating and terminating points. Most of this freight is channeled through Virginia on I-81 and the additional intermodal trains NS proposes to operate as part of the Crescent Corridor will likewise be channeled through Virginia. Some of NS's routes can support additional trains with relatively little additional infrastructure. Other routes need significant upgrading before the potential of the Crescent Corridor can be realized.

Virginia and NS have already partnered to relieve the worst choke points on the Crescent Corridor with implementation of track and signal improvements between Manassas and Front Royal as described in NS's Project Application dated June 13, 2007 (and amended on August 24 and September 24). As a result of these improvements, NS will be able to expand the number of intermodal trains between the Northeast and most Southeastern/Southwestern markets. These trains also will be able to operate on improved schedules and with more reliability than at present, and are expected to attract about 600,000 trucks to Crescent Corridor trains over a fifteen year period. While the volume of trucks may appear small compared to the millions of trucks the Crescent Corridor project is designed to divert, without the Manassas-Front Royal projects, the Crescent Corridor would not get off the ground. Many more Virginia projects must be completed before the Crescent Corridor can reach its potential, and this Application describes four of the most important.

Below is a map showing the NS routes that are part of the Crescent Corridor in Virginia:



Crescent Corridor trains will operate over the green lines shown on the map. The majority will utilize the Piedmont Route between Birmingham-Atlanta-Charlotte and the Northeast via Danville-Lynchburg-Manassas. About a third of the trains will utilize the

Shenandoah Route between Northeast and Tennessee markets via Riverton (Front Royal)-Roanoke-Bristol.

Piedmont/Shenandoah Route – WV State Line-Front Royal (H-Line)

NS's line between Front Royal and the West Virginia panhandle (H-Line) is now the most critical choke point on the Crescent Corridor network. This line is single track with signaling and small (i.e. about a mile in length) passing tracks. All Crescent Corridor trains to and from the Northeast (20+ per day when fully implemented) will travel over this segment. The most important near-term upgrading needed: extending the passing track at Berryville (included in last year's Application for FY2009 as well as this FY2010 Application). The construction of a five-mile double track segment in the vicinity of the Virginia Inland Port is nearly complete (part of the June 13, 2007 Application for release of funds provided by the Virginia legislature; construction began on May 27, 2008). Longer term, at least one additional portion of double track will be needed between Riverton and the West Virginia state line.

Piedmont Route – Riverton-Manassas (B-Line)

As a result of funding provided by the Virginia legislature, Norfolk Southern continues to upgrade capacity on the B-line. (Most of the capacity projects are described in the Application dated June 13, 2007.) In calendar year 2008, Norfolk Southern completed rehabilitation and extension of two passing tracks: Whitecut (Woods/Cody) and Allison. In addition, the entire line between Manassas and Riverton received signals and traffic control. Work continues into calendar year 2009: construction is expected to begin on the new 11,000-foot passing track between Wellington (mp B5.8) and Gainesville (mp B8.0) in first quarter 2009, now that property issues are in the process of being resolved. Completion is expected before December 31, 2009. Once Wellington-Gainesville is in service, NS expects capacity to be sufficient on the B-line to accommodate Crescent Corridor trains through FY2015.

Piedmont Route – Manassas-Danville (SR Main)

Fortunately, capacity on NS's main line between Manassas and the NC state line south of Danville is not as constrained as on the H-line. The principal improvement needed in the next few years is restoration of 7.2 miles of second main line track to connect two double track segments between Nokesville and Calverton, creating 22.3 miles of contiguous double track on Norfolk Southern's main line between Manassas and Remington, VA. Addition of this capacity will allow trains operating in both directions to pass with little or no delay. This project is the subject of a separate Application.

Shenandoah Route – Riverton (Front Royal)-Roanoke (H-Line)

In the 180 miles between Riverton and Roanoke, there are plenty of passing tracks – eighteen – but only one place where an 8000-foot train (proposed Crescent Corridor train length) can pass another 8000-foot train without blocking grade crossings. The

principal improvements needed are passing track extensions. In this Application, NS proposes to extend two passing tracks and to construct one new passing track on this line segment in FY2010-2011. Crescent Corridor trains with the most time-critical schedules will operate via the Shenandoah Route, and reduced running times – possible with more and better locations for trains to meet – are essential. Two additional passing track extensions and one new passing track will be the subject of a separate Application, anticipating their construction between FY2010 and FY2015.

Shenandoah Route – Roanoke-Bristol (N- and NB Lines)

The Crescent Corridor shares the line segment between Roanoke and Walton (N-Line) with the Coal and Heartland Corridors. In general, Roanoke-Walton has sufficient capacity for all three Corridors with minor exceptions – the Montgomery Tunnel bore, through which main line track #1 passes, will need enlarging to accommodate double stack trains (mp N285) and second main track should be restored between Walton and Bluff (N297.3-N305.0) at some point in the future to serve as a “queuing lane” to stage Heartland and Coal Corridor trains when conflicts with Crescent Corridor trains at Walton arise.

The Walton-Bristol (NB-) Line shares characteristics with the H-Line between Riverton-Roanoke: short passing tracks and slow speeds. Four passing track extension projects and construction of one new passing track need to be completed before the first phase of the Crescent Corridor can be implemented successfully. In addition to allowing Crescent Corridor trains to pass each other, NB-Line improvements will reduce variability of train operations and greatly improve running times. NB-Line projects are not specifically listed in the 2/4/09 Framework Agreement and will be the subject of a separate Application.

- 3) Relationship to Other Projects under Development by Applicant or Previously Funded by this Program:

See descriptions of FY2010 Projects in Appendix 2

- 4) Describe the Public Benefits of Project. Identify significant types of benefits and beneficiaries from this project. (See Attachment A).

See descriptions of FY2010 Projects in Appendix 2

- 5) Attachment A – Project Data Information Form – Must be completed by Applicant and submitted with this Application.

See Attachment A

H. Type of Project:

- 1) ☒ New Construction ☒ Rehabilitation ☐ Study
- 2) ☒ Rail Infrastructure ☐ Rail Facility/Station
☐ Equipment/Rolling Stock ☒ Signals/Communication Equipment
- 3) Other _____

See descriptions of FY2010 Projects in Appendix 2

I. Application Scope of Work Covers:

☒ Entire Project ☐ A Phase of a Multi-Phase Project ☐ Completion Phase

See descriptions of FY2010 Projects in Appendix 2

J. Project Budget Summary:

| | |
|---|----------|
| Preliminary Service, Engineering, Or Feasibility Study | \$ _____ |
| Environmental Evaluation | _____ |
| Design Engineering | _____ |
| Right of Way Acquisition | _____ |
| Construction | _____ |
| Construction Management | _____ |
| Lease/Acquisition of Equipment | _____ |
| Public Involvement (if applicable) | _____ |
| Other _____ | _____ |
| Subtotal Project Budget | \$ _____ |
| Total Project Budget | \$ _____ |

See descriptions of FY2010 Projects in Appendix 2

K. Attach detailed budget and schedule information. If the project is for final design, construction or procurement; then plans, specifications and reports to a preliminary engineering level (approximately 30%) should be provided to support the project cost and major features (if applicable). A sample budget and schedule is included in Appendix D.

n/a

L. Rail Enhancement Funds Requested in this Application: \$ 23,723,000
Maximum 70% of Total Project Budget. Do not include any previous
Allocations or future phases.

M. Local Match Required by Applicant: \$10,167,000
At least a minimum 30% of Total Project Budget

If Overmatch, Provide Percentage n/a

- 1) Match breakdown by Source (Including any in-kind match)
 - a. Provider of Local Match – Norfolk Southern Railway Company
 - b. Status (confirmed/anticipated) Confirmed
 - c. Attach justification for value of in-kind match.
- 2) Other Funding Sources Beyond Match Requirement
 - a. Provider of Overmatch: n/a
 - b. Status (confirmed/anticipated) _____

N. Project implementation schedule (based in months). List major milestones of the project, including environmental review and public involvement points if applicable.

See descriptions of FY2010 Projects in Appendix 2

O. Statement of how this project promotes or does not preclude dual/multi-access use.

See descriptions of FY2010 Projects in Appendix 2

P. List additional users of rail line, facility, and/or equipment:

See descriptions of FY2010 Projects in Appendix 2

Q. Identify any possible environmental or other issues/concerns within the scope of this project.

See descriptions of FY2010 Projects in Appendix 2

Required Attachments:

Application is not complete without items 1-5 completed by the Applicant and submitted with the Application.

1. Attachment A – Project Data Information Form (provided)
2. Attachment B – Application Checklist (Provided)
3. Detailed cost, budget and schedule. Include preliminary engineering to 30% report, if applicable (Sample in Appendix D).
4. Certification of Match/% of Match/Documentation of Source of Match including Defined Match Source (To be provided by Applicant).
5. Certification of Additive Investment (To be provided by Applicant).
6. Statement from the Applicant/Owner of the facility that the SWAM participation goals will be achieved by the project.
7. Statement by the owner of the facility that acknowledges the Commonwealth will have a public interest in the facilities, materials, equipment and improvements funded or impacted by this project (To be provided by Applicant/Owner).

Application and Attachment Certification

To the best of my knowledge all information contained in this Application and its attachments is true. The information provided to the Virginia Department of Rail and Public Transportation (DRPT) is subject to full disclosure except where protected by Virginia Code. Any additional documentation related to this Application will be provided to DRPT upon request.

Authorized Signature and Title:



Date: February 9, 2009

George William Schafer, III
Director – Strategic Planning

Attachment C

CERTIFICATION OF MATCH

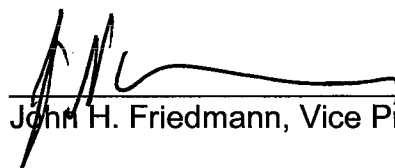
Norfolk Southern Railway Company ("Norfolk Southern") has applied to the Commonwealth of Virginia for Rail Enhancement Funds in FY2010 in the amount of \$23,723,000 in connection with four projects designed to increase capacity and to decrease running time on portions of Norfolk Southern's Crescent Corridor in Virginia. As described in greater detail in Norfolk Southern's Application, these projects will:

- Extend passing tracks or double track to enable longer trains to meet or pass other trains of similar length
- Provide capacity needed to assure reliability of the premium intermodal trains necessary to attract truck traffic from Interstate highways

As part of this Application, Norfolk Southern hereby certifies that it will provide a local match equivalent to thirty percent (30%) of the estimated total project cost for which Rail Enhancement Funds are made available, or \$10,167,000. This match will be provided entirely by Norfolk Southern or one or more parents, subsidiaries or affiliates of Norfolk Southern.

NORFOLK SOUTHERN RAILWAY COMPANY

By:



John H. Friedmann, Vice President

Date: February 9, 2009

Attachment D

Mr. Chip Badger
Acting Executive Director
Virginia Department of Rail and Public Transportation
1313 East Main Street, Suite 300
P. O. Box 590
Richmond, VA 23218-0590

Subject: **Certification of Additive Investment**

Dear Mr. Badger:

This letter certifies that the Virginia Funds requested in the accompanying Application will add to the state's rail infrastructure and will not be used to replace funds that would have otherwise been spent in the Commonwealth.

Norfolk Southern Railway Company's Application requests funds for FY2010 for infrastructure projects on the Crescent Corridor that will:

- Extend passing tracks or double track to enable longer trains to meet or pass other trains of similar length
- Provide capacity needed to assure reliability of the premium intermodal trains necessary to attract truck traffic from Interstate highways

Although Norfolk Southern foresees traffic growth on the Crescent Corridor, internal funds will not be available to undertake all of the needed improvements for some years to come. Without Virginia Funds, these projects will not be built until there are significant changes in traffic flows, which would delay the benefits made possible by the operation of premium intermodal service.

In sum, Norfolk Southern certifies that the Virginia Funds requested in its Application will be used as part of a public-private partnership for improvements that NS would not undertake alone at this time.

Sincerely,



John H. Friedmann
Vice President

February 9, 2009

Attachment F

Statement of SWAM Participation

Name of Applicant and Projects: **Norfolk Southern Railway Company**

| Project Name | Location | Milepost Limits |
|------------------------------------|-----------------|-----------------|
| Berryville Passing Track Extension | Berryville, VA | H37.6-H39.8 |
| Elkton Passing Track Construction | Elkton, VA | H115.5-H118.2 |
| Bentonville Passing Trk Extension | Bentonville, VA | H72.1-H74.2 |
| Stanley Passing Track Extension | Stanley, VA | H93.4-H95.4 |

February 9, 2009


To Whom It May Concern:

In connection with Norfolk Southern Railway Company's Rail Enhancement Fund Application for the projects listed in the table above, please accept this letter as the applicant's statement regarding small, women- and minority-owned business (SWAM) participation goals.

For project work that is not performed by Norfolk Southern's workforce, Norfolk Southern will undertake reasonable and good faith efforts to achieve the SWAM participation goal for the project through race-neutral and gender-neutral means that are lawful and non-discriminatory. We understand the project participation goal to be forty percent (40%) of the total value of contracts between Norfolk Southern and third parties for the performance of the project work. The success of Norfolk Southern's efforts will of course be impacted by the availability of qualified and willing small businesses and women- and minority-owned businesses within the market area of the project.

Thank you for considering Norfolk Southern's Application.

Very Truly Yours,



John H. Friedmann, Vice President

Attachment E

Statement of Public Interest

Name of Applicant and Projects:

Norfolk Southern Railway Company

| Project Name | Location | Milepost Limits |
|------------------------------------|-----------------|------------------------|
| Berryville Passing Track Extension | Berryville, VA | H37.6-H39.8 |
| Elkton Passing Track Construction | Elkton, VA | H115.5-H118.2 |
| Bentonville Passing Trk Extension | Bentonville, VA | H72.1-H74.2 |
| Stanley Passing Track Extension | Stanley, VA | H93.4-H95.4 |

Statement from the owner of the facilities that acknowledges the Commonwealth will have a Public Interest in Private Facilities impacted by these projects.

To Whom It May Concern:

At the appropriate time, Norfolk Southern will enter into an agreement to be negotiated with the Commonwealth of Virginia to protect the Commonwealth's public interest in the projects listed in the table above.

NORFOLK SOUTHERN RAILWAY COMPANY

By:



John H. Friedmann, Vice President

February 9, 2009



Rail Enhancement Fund
Project Application Form

Internal Use

DRPT Tracking #

Attachment A
Project Data Information Form

Date: January 30, 2009

Amended: February 9, 2009

Name of Applicant and Project:

Norfolk Southern Railway Company – Crescent Corridor Initiatives at Berryville, Elkton, Bentonville and Stanley

General Instructions: Please complete the following forms that apply to the project application.

- For Freight Service projects, complete forms A1, A2 and A5
- For Intercity/Amtrak passenger projects, complete forms A1, A3 and A5
- For Commuter/VRE passenger projects, complete forms A1, A4 and A5
- For projects that involve benefits to both freight and passenger projects, form A1 and forms A2-A4 that apply must be completed. For each completed form A2-A4, a form A5 must be completed for each category for projects resulting in multiple project benefits.

Terms:

Project Cost and Construction period: Form A1 shall be completed with total project cost by year of expenditure with total DRPT cost identified by year of expenditure. This section must be completed for all project applications.

Demand Characteristics: This category of information relates to the additional demand for rail service (including freight and passenger) due to the project. This additional demand must be over and above baseline conditions that currently exist. The specific data to enter here defines initial demand, steady state demand, and the years until steady state demand is achieved.

Steady State Demand: This term refers to the point at which the project benefits/demand have reached a long-term, sustainable level.

Project Impact on Travel Distance: This category of information includes the distance that would be traveled by vehicle or train. All distances should be limited to miles within Virginia. The distance should relate directly to the project-impacted area.

Demand Characteristics for a 15-year Performance Period: This term refers to the project output by performance year, which will be utilized to determine that public benefits and to determine the performance requirements over the 15-year Performance Period of the Grant Agreement.

Attachment A
Form A1 – Project Cost and Construction Period

First Construction Year: Fiscal Year 2010

Last Construction Year: Fiscal Year 2011

| Year | Total Project COST | Total DRPT COST |
|--------------|---------------------|---------------------|
| Year 1 | \$5,083,500 | \$3,558,450 |
| Year 2 | \$28,806,500 | \$20,164,550 |
| Total | \$33,890,000 | \$23,723,000 |

Use Form A-5 to provide demand characteristics for the 15-Year Performance Period.

Attachment A
Form A2 – Freight Service

| Demand Characteristics | CATEGORY | UNITS | VALUE |
|------------------------|--|--|-------|
| | Steady state demand – diversion of freight to rail (from trucks) | 234,081 Intermodal Units/Year - 2008 | |
| | First year of diversion 2012 | 15,605 IM Units/Year (average over 15 yrs) | |
| | Number of years until steady state – beyond forecast period | More than 15 | |

| Project impact on Travel Distance | CATEGORY | UNITS | VALUE |
|-----------------------------------|---|---|-------|
| | Rail miles in Virginia (Existing routing before project) | 658 Miles | |
| | Rail miles in Virginia (routing after project completion) | 658 Miles | |
| | Number of years until steady state | Already There (been there for a while) Number of Years | |

| Conversions | CATEGORY | UNITS | VALUE |
|-------------|-----------------------|---------------------|-------|
| | Railcars per Train | 100 Railcars/Trains | |
| | Rail tons per Railcar | 50 Tons/Railcar | |
| | Trucks per Railcar | 1.7 Trucks/Railcar | |

| Other | CATEGORY | UNITS | VALUE |
|-------|--|--|-------|
| | Change in Daily Delay for Freight Trains | 45 hours for 20 trains Railcars/Trains | |
| | Reduction in Number of Rail At-Grade Crossings | No reduction; just less time occupying some crossings due to higher speeds Tons/Railcar | |

Use Form A-5 to provide demand characteristics for the 15-Year Performance Period.

Attachment A
Form A3 – Passenger Service – Intercity/Amtrak

| Demand Characteristics | CATEGORY | UNITS | VALUE |
|------------------------|--|-----------------|-------|
| | Annual Amtrak passengers (existing) | Passengers/Year | |
| | Steady State Demand – Additional Amtrak Passengers | Passengers/Year | |
| | First Year Number of Additional Passengers | Passengers/Year | |
| | Number of Years Until Steady State | Number of Years | |

| Project Impact on Travel Distance & Time | CATEGORY | UNITS | VALUE |
|--|---|---------|-------|
| | Amtrak Passenger Trip Length (existing) | Miles | |
| | Amtrak Passenger Trip Length (After Project Completion) | Miles | |
| | Amtrak Travel Time Per Trip (existing) | Minutes | |
| | Amtrak Travel Time Per Trip (After Project Completion) | Minutes | |

Use Form A-5 to provide demand characteristics for the 15-Year Performance Period.

Attachment A
Form A4 – Passenger Service – Commuter/VRE

| Demand Characteristics | CATEGORY | UNITS | VALUE |
|------------------------|---|-----------------|-------|
| | Annual VRE passengers (existing) | Passengers/Year | |
| | Steady State Demand – Additional VRE Passengers | Passengers/Year | |
| | First Year Number of Additional Passengers | Passengers/Year | |
| | Number of Years Until Steady State | Number of Years | |

| Project Impact on Travel Distance & Time | CATEGORY | UNITS | VALUE |
|--|--|---------|-------|
| | VRE Passenger Trip Length (existing) | Miles | |
| | VRE Passenger Trip Length (After Project Completion) | Miles | |
| | VRE Travel Time Per Trip (existing) | Minutes | |
| | VRE Travel Time Per Trip (After Project Completion) | Minutes | |

Use Form A-5 to provide demand characteristics for the 15-Year Performance Period.

Attachment A
Form A5– Demand Characteristics for 15-Year Performance Period

| Performance Year | Performance Value * |
|------------------|---------------------|
| 1 | 4,479 |
| 2 | 5,716 |
| 3 | 8,865 |
| 4 | 10,111 |
| 5 | 11,354 |
| 6 | 12,600 |
| 7 | 13,847 |
| 8 | 15,093 |
| 9 | 16,337 |
| 10 | 17,583 |
| 11 | 18,826 |
| 12 | 22,673 |
| 13 | 24,103 |
| 14 | 25,533 |
| 15 | 26,961 |
| Total | 234,081 |

For Freight Service Projects – car loads or containers per year
For Inter-City/Amtrak Passenger Projects – passengers per year
For Commuter/VRE Passenger Projects – passengers per year



Rail Enhancement Fund
Project Application Checklist
Attachment B

Internal Use

DRPT Tracking #

Date: January 30, 2009

Name of Applicant and Project:
Norfolk Southern Railway Company - I-81 Crescent Corridor Initiatives

Checklist for Application:

1. Project is consistent with goals of applicable adopted state, regional and/or local plans.

☒ YES ☐ NO

2. Project is an Additive Investment to Virginia.

☒ YES ☐ NO

3. Project provides for, or does not preclude, shared or dual access opportunity.

☒ YES ☐ NO

4. Applicant has provided documentation and certification of at least a minimum 30% match.

☒ YES ☐ NO

5. Applicant has provided an environmental review plan and/or public involvement plan, if applicable, and required budget for this activity as outlined in Appendix D.

☐ YES ☐ NO

6. Application is complete, including signature and specified number of hard copies and an electronic (pdf file) copy; and Applicant has reviewed the Standard Agreement as provided in Appendix C.

☒ YES ☐ NO

Attachment B

Measures for Public Benefit/Cost Analysis

- Congestion Relief
- Environmental Improvements
- Reduced Crash and Accident Cost
- Reduction in Cars and Trucks on Highway
- Added Capacity
- Fuel/Pollution Savings
- Carbon Equivalent

List of Appendices

Appendix 1

Master Spread Sheet showing proposed four Crescent Corridor projects,
FY2010-2011

Appendix 2

Description of FY2010 Projects (in priority order)

| |
|------------------------------------|
| Berryville Passing Track Extension |
| Elkton Passing Track Construction |
| Bentonville Passing Trk Extension |
| Stanley Passing Track Extension |

Berryville-Elkton-Bentonville-Stanley

Crescent Corridor Projects for Virginia FY 2010-2011 - For Rail Enhancement Fund Application

| DRPT 141/RR 29 Corridor | Description | Total Project Cost | DRPT FUNDING | NS FUNDING | FEDERAL FUNDING | DRPT Share (%) | NS Share (%) | Federal Share (%) | Phase A | Phase B | DRPT Capital FY2010 | DRPT Capital FY2011 | DRPT Capital FY2012 | DRPT Capital FY2013 | DRPT Capital FY2014 | DRPT Capital FY2015 |
|--|--|----------------------|----------------------|----------------------|-----------------|----------------|--------------|-------------------|--------------------------|-----------------------------|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| Berryville mp H37.6-H39.8 | Rehabilitate Berryville passing track and construct extension to create 11,000' passing track | \$ 6,000,000 | \$ 4,200,000 | \$ 1,800,000 | | 70% | 30% | | Engineering by 12/1/2009 | Project Complete by 1/31/11 | \$ 630,000 | \$ 3,570,000 | | | | |
| Elkton mp H115.5-H118.2 | Construct 11,000' passing track near Elkton | \$ 12,680,000 | \$ 8,800,000 | \$ 3,774,000 | | 70% | 30% | | Engineering by 12/1/2009 | Project Complete by 1/31/11 | \$ 1,320,000 | \$ 7,485,100 | | | | |
| Bentonville mp H17.1-H17.2 | Rehabilitate Bentonville passing track and construct extension to create 11,000' passing track | \$ 9,400,000 | \$ 6,622,000 | \$ 2,838,000 | | 70% | 30% | | Engineering by 12/1/2009 | Project Complete by 1/31/11 | \$ 953,300 | \$ 5,628,700 | | | | |
| Stanley mp H93.4-H95.4 | Rehabilitate Stanley passing track and construct extension to create 11,000' passing track | \$ 6,850,000 | \$ 4,005,000 | \$ 1,755,000 | | 70% | 30% | | Engineering by 12/1/2009 | Project Complete by 1/31/11 | \$ 614,250 | \$ 3,480,750 | | | | |
| TOTAL, Crescent Corridor Projects | | \$ 33,860,000 | \$ 23,723,000 | \$ 10,417,000 | \$ - | | | | | | \$ 3,558,450 | \$ 20,164,550 | \$ - | \$ - | \$ - | \$ - |

Berryville Passing Track Extension

Project Location: Berryville, Clarke County, VA, on Norfolk Southern's Hagerstown-Riverton main line. Project limits: mp H37.6-H39.8

Owner of Property/Right of Way: Norfolk Southern Railway Company

Responsible Party for Continuous Maintenance of Project: Norfolk Southern Railway Company

Project Information:

Description of Project:

Berryville is located between Hagerstown, MD and Riverton Junction (Front Royal), VA on Norfolk Southern's main artery between the Southeast (including Virginia) and Northeast. This line is part of the only north-south rail route east of Cincinnati, OH with sufficient clearance to handle "double-stack" container traffic, including much of that moving to/from the port of Norfolk, VA. The route also parallels Interstate 81.

The Hagerstown-Riverton line is a signaled, single track main line. Trains pass or overtake each other at passing tracks. This project would upgrade the existing 5,700-foot passing track at Berryville to accommodate longer trains at higher speeds.

At present, trains using the passing track are limited to 10 mph. Further, the passing track is only 5,700 feet long. 85-90% of the 16-20 trains/day operating between Hagerstown and Riverton are too long to fit into the passing track. NS proposes to replace 10% of the crossties in, and to surface, the existing passing track; to replace existing #12 turnouts with #20 turnouts; and to construct 5,300 feet of new track to enlarge the passing track to a total length of 11,000 feet. After completion, any train operating between Hagerstown and Riverton will be able to meet or pass any other train at Berryville, and trains using the passing track will be able to operate over it at 25 mph or more.

Project Objective:

The overall objective of the project is to increase capacity and to speed up train operations on the Hagerstown-Riverton main line. This artery today handles all NS's freight between the Northeast and the Southeast, as well as important container traffic between the Virginia Inland Port and the Port of Hampton Roads. In the future, this artery will also handle all Crescent Corridor intermodal trains to/from the Northeast.

The specific objective is to upgrade and extend the passing track at Berryville. NS trains incur an aggregate delay of 12 hours daily because of the inability to utilize fully the

Appendix 2 – Details of FY2010 Projects
Norfolk Southern Rail Enhancement Fund Application
January 30, 2009
Amended February 9, 2009

passing track at Berryville. Once the passing track is improved, aggregate delay will be twelve hours less than it is today.

Relationship to other projects under development by applicant or previously funded by this program:

This project complements FY2008 projects on B- and H-lines. NS is completing the upgrading of the Marsh Run-Ashby passing track to main line standards and the construction of about 3.8 miles of new second main line to create a five mile segment of double track between mp H51.9 – H56.9 in the vicinity of the Virginia Inland Port (see NS's application of 6/13/07 for more detail). By upgrading and extending the Berryville passing track in FY2010, NS will add a second location on NS's Riverton-Hagerstown main line (59 miles) where two contemporary intermodal trains – Crescent Corridor or otherwise – will be able to meet or pass.

Describe the Public Benefit of Project:

Overall public benefits:

- By reducing aggregate delay, and by making freight rail more attractive to potential rail users, this project will help to improve air quality, conserve fuel (because of rail's efficiency advantage) and reduce truck traffic
- By increasing capacity, the project enables the rail mode to absorb more growth

Type of Project:

Project is rehabilitation (existing passing track) and new construction (passing track extension) of rail infrastructure. Includes modification to signal and communication equipment (signal upgrading and relocation, and relocation of fiber optic cable).

Application Scope of Work Covers: Entire project

Project Budget Summary:

| | |
|------------------------------------|-------------|
| Design Engineering | \$ 313,294 |
| Right-of-way Acquisition | \$ 300,000 |
| Construction | \$4,284,074 |
| Construction Management | \$ 226,669 |
| Lease/Acquisition of Equipment | \$ _____ |
| Other (Relocate fiber optic cable) | \$ 875,963 |
| | ===== |
| Total Project Budget | \$6,000,000 |

Appendix 2 – Details of FY2010 Projects
Norfolk Southern Rail Enhancement Fund Application
January 30, 2009
Amended February 9, 2009

Rail Enhancement Funds Requested in this Application: \$4,200,000 (70%)

This request is for capital costs only. NS will assume all ongoing maintenance and operating cost responsibilities and future capital costs.

No provision has been made for crossing closure or grade separation. If Norfolk Southern can successfully negotiate crossing closures as part of the project, the overall project cost may increase but such increase would be funded by Norfolk Southern, thereby increasing NS match to greater than 30%.

Local Match Required by Applicant: \$ 1,800,000 (30%)

If Overmatch, Provide Percentage: 0%

1) Match Breakdown by Source (include in-kind)

a. Provider of Local Match Norfolk Southern Railway

b. Status (confirmed/anticipated) Confirmed

2) Other Funding Sources Beyond Match Requirement

a. Provider of Over Match n/a

b. Status (confirmed/anticipated) n/a

M. Project implementation schedule (based in months). List major milestones of the project.

| | |
|--------------------------------|------------------|
| Survey and Develop Plans: | 3 Months |
| Acquire Right of Way: | 3 Months |
| Bidding: | 2 Months |
| Permitting: | 2 Months |
| Relocation of Fiber Optic Line | 1 Month |
| Grading: | 4 Months |
| Track work: | 3 Months |
| Total: | 18 Months |

Statement on how this Project promotes or does not preclude Dual/Multi-Access

Appendix 2 – Details of FY2010 Projects
Norfolk Southern Rail Enhancement Fund Application
January 30, 2009
Amended February 9, 2009

Use:

This project is on Norfolk Southern owned right-of-way on which only Norfolk Southern operates; the rail line will remain an exclusive Norfolk Southern route. There is no proposal to change current operations to allow dual access by another railroad on this track. (The competing north-south route of CSX Transportation, Inc. extends between Alexandria, VA and Rocky Mount, NC, via Richmond, VA.)

Also, Project anticipates intermodal freight growth and will enable service enhancements that will attract domestic truck traffic from many trucking companies. In this sense, Project promotes multi-access (i.e., by trucking companies) use.

List additional users of rail line, facility, and/or equipment: trucking companies using intermodal service offered by Norfolk Southern.

Identify any possible Environmental or other issues/concerns within the scope of this project.

Overall environmental effects are expected to be beneficial as rail freight is considerably more fuel efficient and less polluting than truck freight.

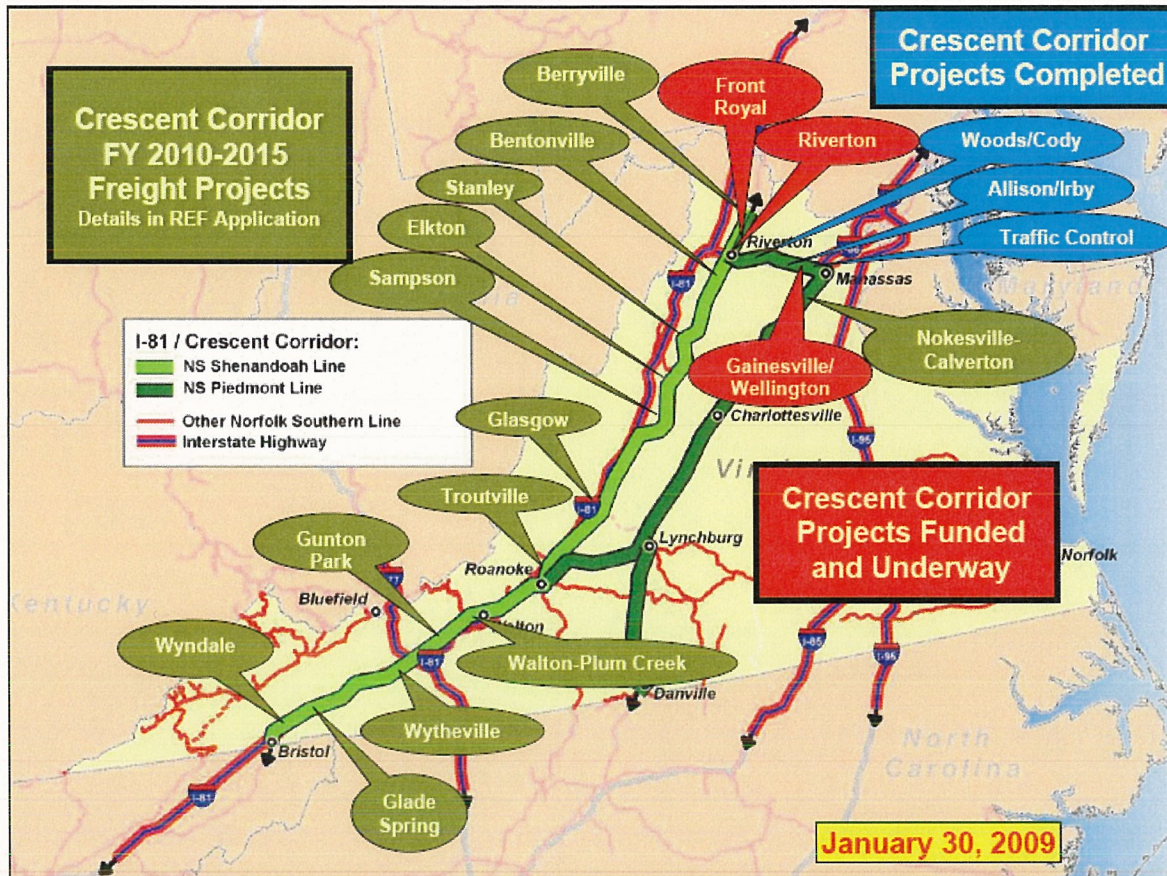
There are no known environmental issues or concerns at this time; there do not appear to be any open space easements adjacent to NS right-of-way in the project limits.

Added Capacity to Rail Corridor (Additional Railcars or Passengers)

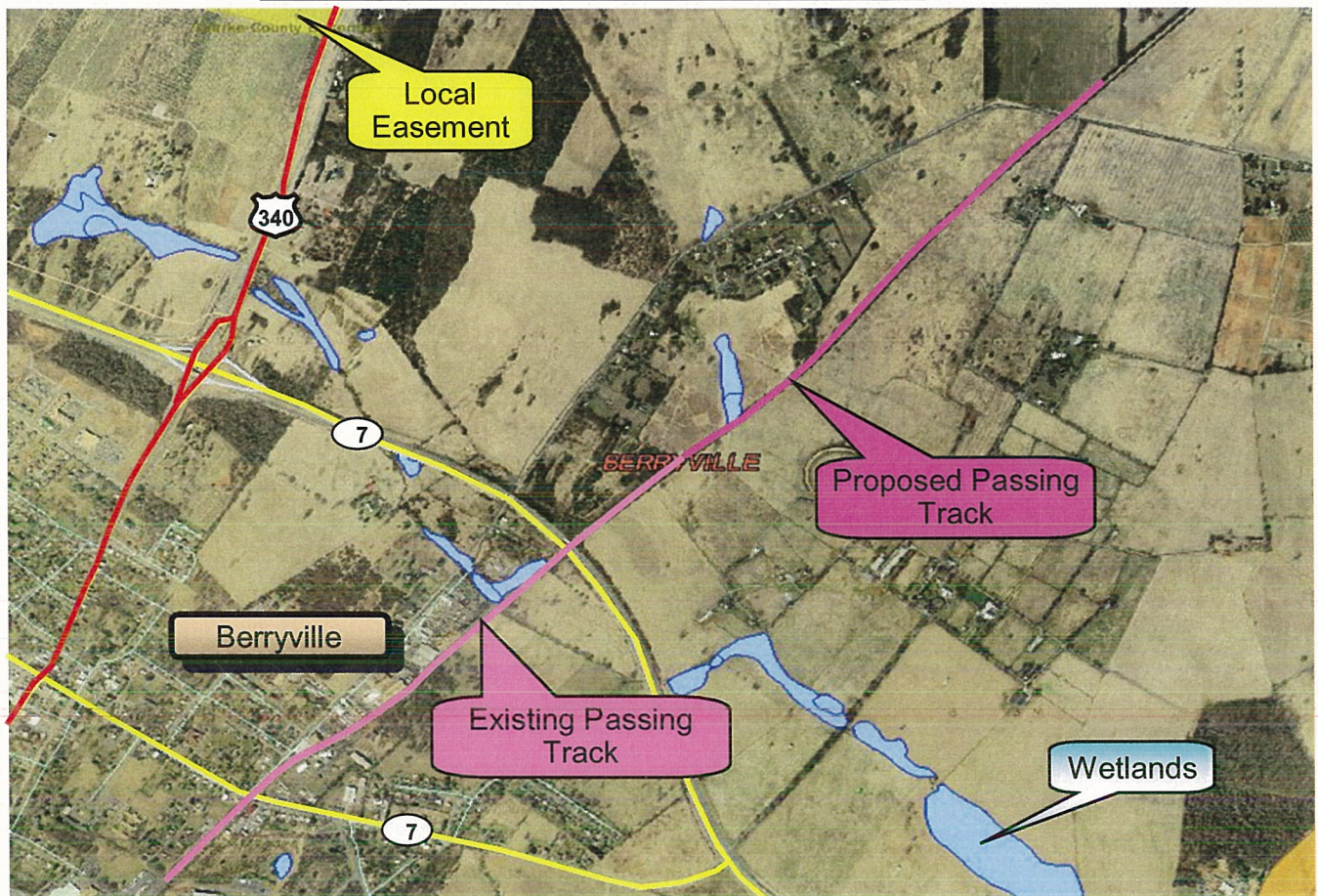
When viewed in isolation, the expanded passing track at Berryville will reduce 12 hours aggregate train delay, which will allow faster turn times for assets such as locomotives, crews and freight cars. When combined with other planned or proposed projects the synergies will enable additional train starts and increased throughput on this north-south corridor.

Appendix 2 – Details of FY2010 Projects
Norfolk Southern Rail Enhancement Fund Application
January 30, 2009
Amended February 9, 2009

Project Map



Berryville Passing Track Extension mp H37.6 – H39.8 Clarke County



Amended February 9, 2009

Berryville, VA



Elkton Passing Track Construction

Project Location: Elkton, Rockingham County, VA, on Norfolk Southern's Riverton-Roanoke main line. Project limits: mp H115.5 – H118.2

Owner of Property/Right of Way: Norfolk Southern Railway Company

Responsible Party for Continuous Maintenance of Project: Norfolk Southern Railway Company

Project Information:

Description of Project:

Elkton is located between Riverton and Roanoke, VA on Norfolk Southern's main artery between the Northeast and Tennessee. This line is a secondary main line today but will become a major component of the Crescent Corridor for premium intermodal traffic between the Northeast and two major Tennessee markets. This route is cleared for double stack container traffic and parallels Interstate 81.

The Riverton-Roanoke route is a single track main line, governed by signaled traffic control, with short (less than 8000') passing tracks about every ten miles. Trains pass or overtake each other at passing tracks. This project would construct a new 11,000-foot passing track just south of Elkton to accommodate longer trains at higher speeds.

Longer passing tracks are badly needed between Shenandoah and Roanoke, about 130 miles. In that distance, there is only one place where long trains can meet or pass: between Vesuvius and Pkin, about three miles of double track on the ruling northbound grade, about 65 miles north of Roanoke and 60 miles south of Shenandoah, and which is encumbered with eight grade crossings throughout its length.

NS proposes to construct a new passing track 11,000 feet long, with #20 turnouts at either end. After completion, any train operating between Roanoke and Riverton will be able to meet or pass any other train at Elkton, and trains using the passing track will be able to operate over it at 25 mph or more.

Project Objective:

The overall objective of the project is to increase capacity and to speed up train operations on the Riverton-Roanoke main line. This artery today handles merchandise, coal and grain, and will be an important component of the Crescent Corridor for premium intermodal traffic between the Northeast and the major truck markets in Tennessee.

Appendix 2 – Details of FY2010 Projects
Norfolk Southern Rail Enhancement Fund Application
January 30, 2009
Amended February 9, 2009

The specific objective is to establish a point where trains can pass each other in the vicinity of Elkton.

Relationship to other projects under development by applicant or previously funded by this program:

This project complements FY2008 projects on the H-line at Front Royal. NS is completing the upgrading of the Marsh Run-Ashby passing track to main line standards and the construction of about 3.5 miles of new second main line to create a five mile segment of double track between mp H51.9 – H56.9 in the vicinity of the Virginia Inland Port (see NS's application of 6/13/07 for more detail). By constructing a new passing track near Elkton in FY2010, along with the other passing track work between Roanoke and Riverton (Bentonville, Stanley, Glasgow, Sampson, and Troutville, which are either included in this FY2010 Application or the FY2010-FY2015 Application), as well as the proposed passing track extension at Berryville, NS will create ten locations between Roanoke and Hagerstown (240 miles) where two contemporary intermodal trains – Crescent Corridor or otherwise – will be able to meet or pass.

Describe the Public Benefit of Project:

Overall public benefits:

- This project, with the other passing track projects mentioned above, will make possible Crescent Corridor premium intermodal service. At present, very few locations exist where two 8000' trains can pass each other between Hagerstown and Roanoke. The standard length of a Crescent Corridor intermodal train will be 8000'.
- By reducing aggregate delay, and by making freight rail more attractive to potential rail users, this project will help to improve air quality, conserve fuel (because of rail's efficiency advantage) and reduce truck traffic
- By increasing capacity, the project enables the rail mode to absorb more growth

Type of Project:

Project is new construction of rail infrastructure. Includes signal and communication equipment (signal upgrading and relocation, and relocation of fiber optic cable).

Application Scope of Work Covers: Entire project

Appendix 2 – Details of FY2010 Projects
Norfolk Southern Rail Enhancement Fund Application
January 30, 2009
Amended February 9, 2009

Project Budget Summary (2008 dollars):

| | |
|--|--------------|
| Preliminary Service, Engineering, or Feasibility Study | \$ 289,340 |
| Environmental Evaluation | \$ 314,500 |
| Design Engineering | \$ 603,840 |
| Right-of-way Acquisition | \$ |
| Construction | \$9,523,060 |
| Construction Management | \$ 893,180 |
| Lease/Acquisition of Equipment | \$ |
| Other (Relocate fiber optic cable) | \$ 956,080 |
| | ===== |
| Total Project Budget | \$12,580,000 |

Rail Enhancement Funds Requested in this Application: \$ 8,806,000 (70%)

This request is for capital costs only. NS will assume all ongoing maintenance and operating cost responsibilities and future capital costs.

No provision has been made for crossing closure or grade separation. If Norfolk Southern can successfully negotiate crossing closures as part of the project, the overall project cost may increase but such increase would be funded by Norfolk Southern, thereby increasing NS match to greater than 30%.

Note that these estimates are in 2008 dollars. Revised estimates may be necessary when project begins.

Local Match Required by Applicant: \$ 3,774,000 (30%)

If Overmatch, Provide Percentage: 0%

1) Match Breakdown by Source (include in-kind)

- a. Provider of Local Match Norfolk Southern Railway
- b. Status (confirmed/anticipated) Confirmed

2) Other Funding Sources Beyond Match Requirement

- a. Provider of Over Match n/a
- b. Status (confirmed/anticipated) n/a

Appendix 2 – Details of FY2010 Projects
Norfolk Southern Rail Enhancement Fund Application
January 30, 2009
Amended February 9, 2009

M. Project implementation schedule (based in months). List major milestones of the project.

| | |
|--------------------------------|------------------|
| Survey and Develop Plans: | 3 Months |
| Acquire Right of Way: | 3 Months |
| Bidding: | 2 Months |
| Permitting: | 2 Months |
| Relocation of Fiber Optic Line | 1 Month |
| Grading: | 4 Months |
| Track work: | 3 Months |
| Total: | 18 Months |

Statement on how this Project promotes or does not preclude Dual/Multi-Access Use:

This project is on Norfolk Southern owned right-of-way on which only Norfolk Southern operates; the rail line will remain an exclusive Norfolk Southern route. There is no proposal to change current operations and allow dual access by another railroad on this track. (The competing north-south route of CSX Transportation, Inc. extends between Alexandria, VA and Rocky Mount, NC [via Richmond, VA].)

Also, Project anticipates intermodal freight growth and will enable service enhancements that will attract domestic truck traffic from many trucking companies. In this sense, Project promotes multi-access (i.e., by trucking companies) use.

List additional users of rail line, facility, and/or equipment: trucking companies using intermodal service offered by Norfolk Southern.

Identify any possible Environmental or other issues/concerns within the scope of this project.

Overall environmental effects are expected to be beneficial as rail freight is considerably more fuel efficient and less polluting than truck freight.

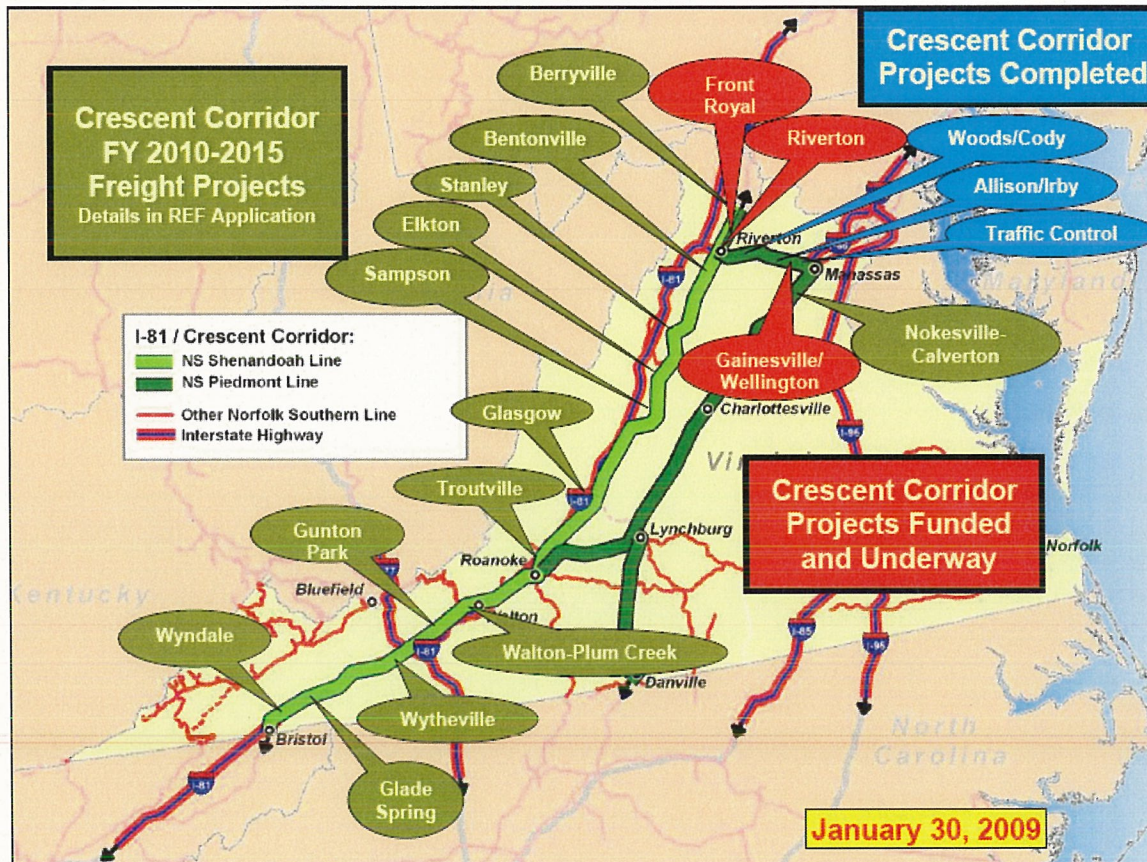
There may be a small quantity of wetlands affected by the passing track construction.

Added Capacity to Rail Corridor (Additional Railcars or Passengers)

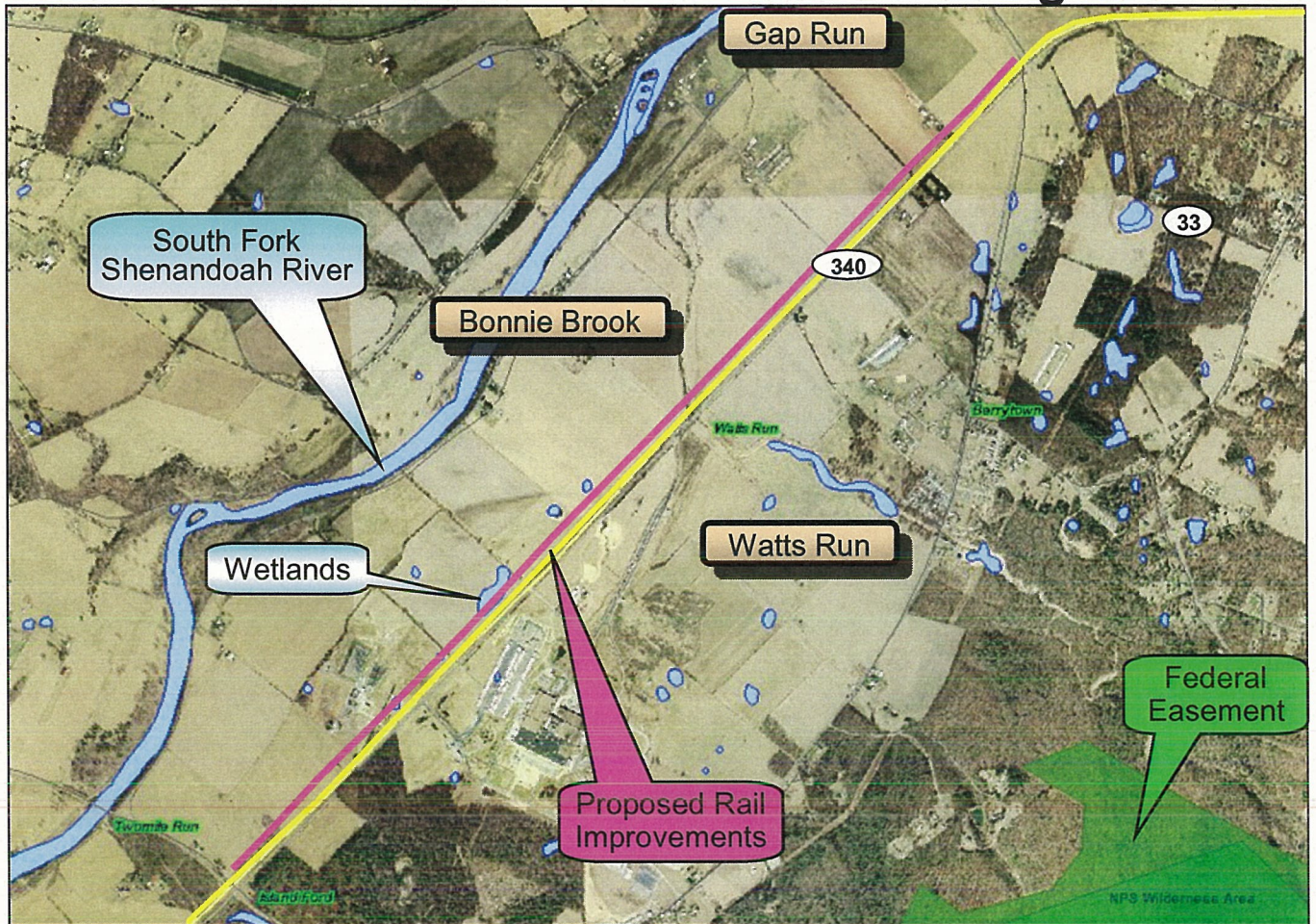
When viewed in combination with the other passing track projects proposed between Hagerstown and Roanoke, as well as the five miles of double track north of Front Royal, the aggregate train delay is reduced by approximately 30 hours per day. Reducing this delay will allow faster turn times for assets such as locomotives, crews and freight cars. When combined with other planned or proposed projects, the synergies will enable additional train starts and increased throughput on this north-south corridor.

Appendix 2 – Details of FY2010 Projects
Norfolk Southern Rail Enhancement Fund Application
January 30, 2009
Amended February 9, 2009

Project Map



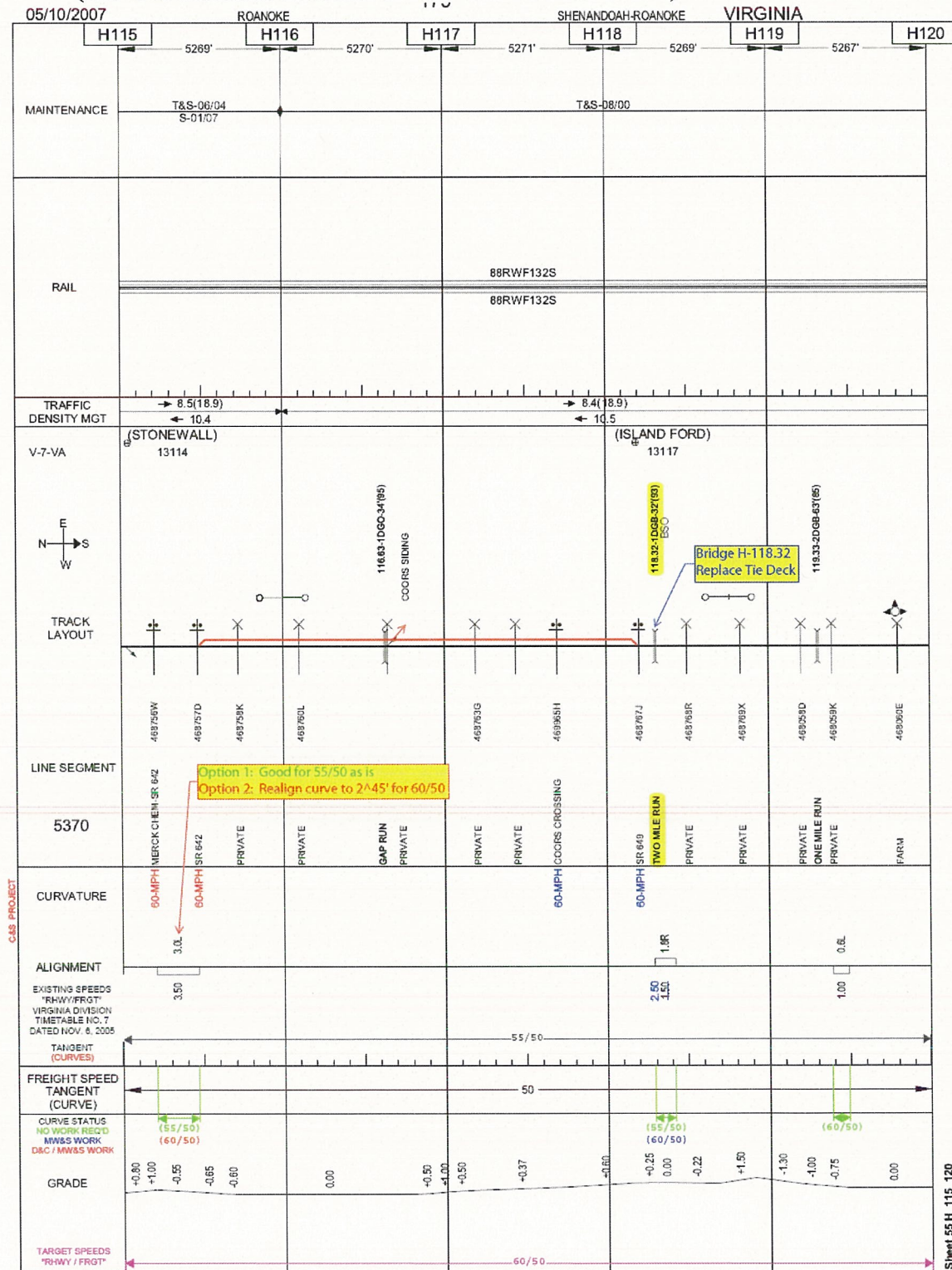
Elkton, Virginia
MP H115.5 – MP H118.2 Rockingham County



Appendix 2 – Details of FY2010 Projects
Norfolk Southern Rail Enhancement Fund Application
January 30, 2009
Amended February 9, 2009

Diagram of Proposed Passing Track – Elkton, VA

(red line indicates location of new track construction)



NORFOLK SOUTHERN - DESIGN AND CONSTRUCTION DEPARTMENT
 R-1 2/04/08 per 1/25/08 hi-rail trip (H-82.5 to H-235); R-2 4/04/08 B&B and C&S comments; R-3 5/28/08 MW&S comments

JANUARY 22, 2008

Sheet 55 H_115_120

Bentonville Passing Track Extension

Project Location: Bentonville, Warren County, VA, on Norfolk Southern's Riverton-Roanoke main line. Project limits: mp H72.1 – H74.2

Owner of Property/Right of Way: Norfolk Southern Railway Company

Responsible Party for Continuous Maintenance of Project: Norfolk Southern Railway Company

Project Information:

Description of Project:

Bentonville is located between Riverton and Roanoke, VA on Norfolk Southern's main artery between the Northeast and Tennessee. This line is a secondary main line today but will become a major component of the Crescent Corridor for premium intermodal traffic between the Northeast and two major Tennessee markets. This route is cleared for double stack container traffic and parallels Interstate 81.

The Riverton-Roanoke route is a single track main line, governed by signaled traffic control, with short (less than 8000') passing tracks about every ten miles. Trains pass or overtake each other at passing tracks. This project would upgrade the existing 6,057-foot passing track at Bentonville to accommodate longer trains at higher speeds.

Longer passing tracks are needed between Riverton and Shenandoah, about 50 miles. In that distance, there are no places where long trains can meet or pass. Extending the passing tracks at Bentonville and Stanley will provide meeting points between Riverton and Shenandoah that will be essential before Crescent Corridor intermodal service can begin.

At present, trains using the passing track at Bentonville are limited to 10 mph. Further, the passing track is only 6,057 feet long. Most of the 7-10 trains/day operating between Roanoke and Shenandoah are too long to fit into the passing track. NS proposes to replace 10% of the crossties in, and to surface, the existing passing track; to replace existing #12 turnouts with #20 turnouts; and to construct 5,000 feet of new track to enlarge the passing track to a total length of 11,000 feet. After completion, any train operating between Roanoke and Riverton will be able to meet or pass any other train at Bentonville, and trains using the passing track will be able to operate over it at 25 mph or more.

Appendix 2 – Details of FY2010 Projects
Norfolk Southern Rail Enhancement Fund Application
January 30, 2009
Amended February 9, 2009

Project Objective:

The overall objective of the project is to increase capacity and to speed up train operations on the Riverton-Roanoke main line. This artery today handles merchandise, coal and grain, and will be an important component of the Crescent Corridor for premium intermodal traffic between the Northeast and the major truck markets in Tennessee.

The specific objective is to upgrade and extend the passing track at Bentonville. NS trains incur an aggregate delay of 4 hours daily because of the inability to utilize fully the passing track at Bentonville. Once the passing track is improved, aggregate delay will be 4 hours less than it is today.

Relationship to other projects under development by applicant or previously funded by this program:

This project complements FY2008 projects on the H-line at Front Royal. NS is completing the upgrading of the Marsh Run-Ashby passing track to main line standards and the construction of about 3.5 miles of new second main line to create a five mile segment of double track between mp H51.9 – H56.9 in the vicinity of the Virginia Inland Port (see NS's application of 6/13/07 for more detail). By extending the existing passing track at Bentonville in FY2010, along with the other passing track work between Roanoke and Riverton (Elkton, Stanley, Glasgow, Sampson, and Troutville, which are either included in this FY2010 Application or the FY2010-FY2015 Application), as well as the proposed passing track extension at Berryville, NS will create ten locations between Roanoke and Hagerstown (240 miles) where two contemporary intermodal trains – Crescent Corridor or otherwise – will be able to meet or pass.

Describe the Public Benefit of Project:

Overall public benefits:

- This project, with the other passing track projects mentioned above, will make possible Crescent Corridor premium intermodal service. At present, very few locations exist where two 8000' trains can pass each other between Hagerstown and Roanoke. The standard length of a Crescent Corridor intermodal train will be 8000'.
- By reducing aggregate delay, and by making freight rail more attractive to potential rail users, this project will help to improve air quality, conserve fuel (because of rail's efficiency advantage) and reduce truck traffic
- By increasing capacity, the project enables the rail mode to absorb more growth

Appendix 2 – Details of FY2010 Projects
Norfolk Southern Rail Enhancement Fund Application
January 30, 2009
Amended February 9, 2009

Type of Project:

Project is rehabilitation (existing passing track) and new construction (passing track extension) of rail infrastructure. Includes modification to signal and communication equipment (signal upgrading and relocation, and relocation of fiber optic cable).

Application Scope of Work Covers: Entire project
Project Budget Summary (2008 dollars):

| | |
|--|-------------|
| Preliminary Service, Engineering, or Feasibility Study | \$ 217,580 |
| Environmental Evaluation | \$ 236,500 |
| Design Engineering | \$ 463,540 |
| Right-of-way Acquisition | \$ |
| Construction | \$7,151,760 |
| Construction Management | \$ 671,660 |
| Lease/Acquisition of Equipment | \$ |
| Other (Relocate fiber optic cable) | \$ 718,960 |
| | ===== |
| Total Project Budget | \$9,460,000 |

Rail Enhancement Funds Requested in this Application: \$ 6,622,000 (70%)

This request is for capital costs only. NS will assume all ongoing maintenance and operating cost responsibilities and future capital costs.

No provision has been made for crossing closure or grade separation. If Norfolk Southern can successfully negotiate crossing closures as part of the project, the overall project cost may increase but such increase would be funded by Norfolk Southern, thereby increasing NS match to greater than 30%.

Note that these estimates are in 2008 dollars. Revised estimates may be necessary when project begins.

Local Match Required by Applicant: \$ 2,838,000 (30%)

If Overmatch, Provide Percentage: 0%

1) Match Breakdown by Source (include in-kind)

- a. Provider of Local Match Norfolk Southern Railway
- b. Status (confirmed/anticipated) Confirmed

Appendix 2 – Details of FY2010 Projects
Norfolk Southern Rail Enhancement Fund Application
January 30, 2009
Amended February 9, 2009

2) Other Funding Sources Beyond Match Requirement

a. Provider of Over Match n/a

b. Status (confirmed/anticipated) n/a

M. Project implementation schedule (based in months). List major milestones of the project.

| | |
|--------------------------------|------------------|
| Survey and Develop Plans: | 3 Months |
| Acquire Right of Way: | 3 Months |
| Bidding: | 2 Months |
| Permitting: | 2 Months |
| Relocation of Fiber Optic Line | 1 Month |
| Grading: | 4 Months |
| Track work: | 3 Months |
| Total: | 18 Months |

Statement on how this Project promotes or does not preclude Dual/Multi-Access Use:

This project is on Norfolk Southern owned right-of-way on which only Norfolk Southern operates; the rail line will remain an exclusive Norfolk Southern route. There is no proposal to change current operations and allow dual access by another railroad on this track. (The competing north-south route of CSX Transportation, Inc. extends between Alexandria, VA and Rocky Mount, NC [via Richmond, VA].)

Also, Project anticipates intermodal freight growth and will enable service enhancements that will attract domestic truck traffic from many trucking companies. In this sense, Project promotes multi-access (i.e., by trucking companies) use.

List additional users of rail line, facility, and/or equipment: trucking companies using intermodal service offered by Norfolk Southern.

Identify any possible Environmental or other issues/concerns within the scope of this project.

Overall environmental effects are expected to be beneficial as rail freight is considerably more fuel efficient and less polluting than truck freight.

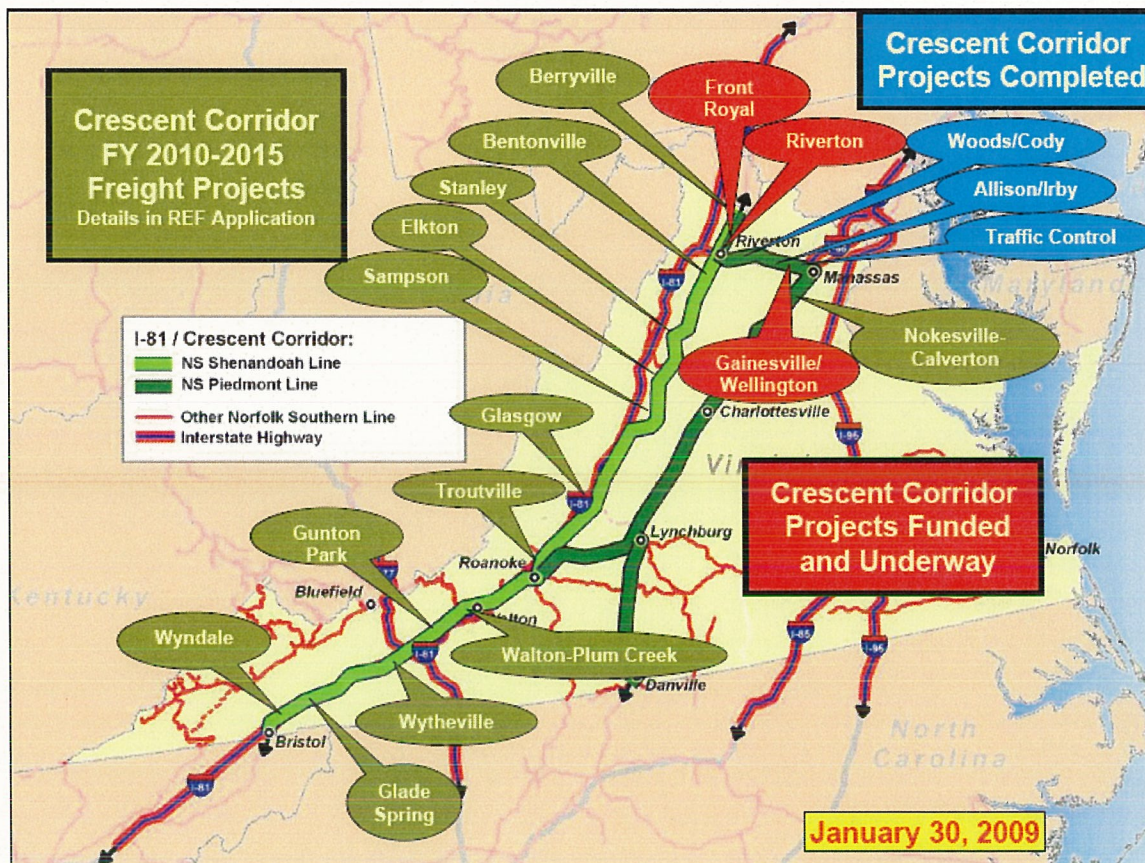
There are no known environmental issues or concerns at this time.

Appendix 2 – Details of FY2010 Projects
Norfolk Southern Rail Enhancement Fund Application
January 30, 2009
Amended February 9, 2009

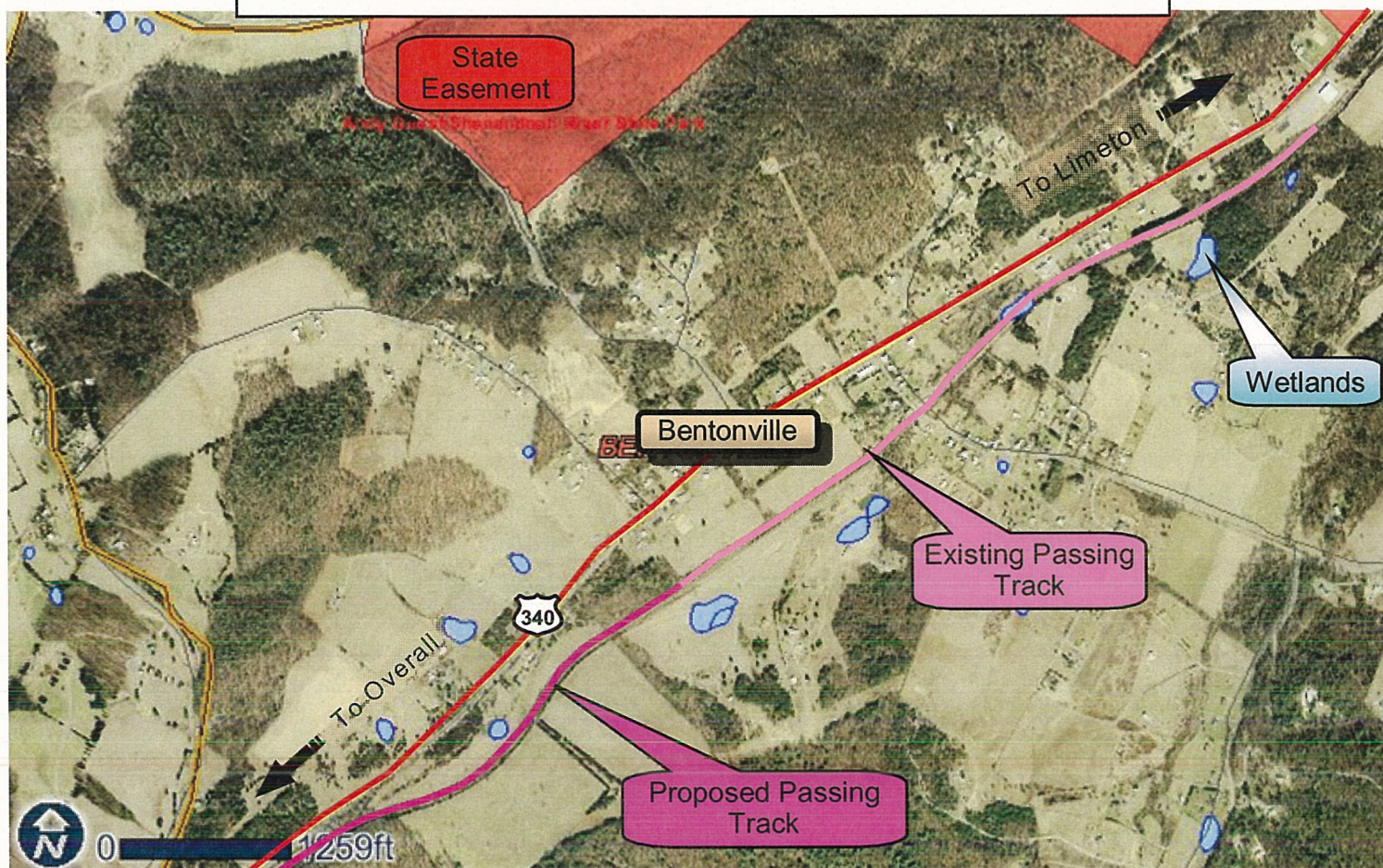
Added Capacity to Rail Corridor (Additional Railcars or Passengers)

When viewed in isolation, the expanded passing track at Bentonville will reduce 4 hours aggregate train delay. When combined with the other proposed passing track projects between Hagerstown and Roanoke, as well as the five miles of double track north of Front Royal, the aggregate train delay is reduced by approximately 30 hours per day. Reducing this delay will allow faster turn times for assets such as locomotives, crews and freight cars. When combined with other planned or proposed projects, the synergies will enable additional train starts and increased throughput on this north-south corridor.

Project Map



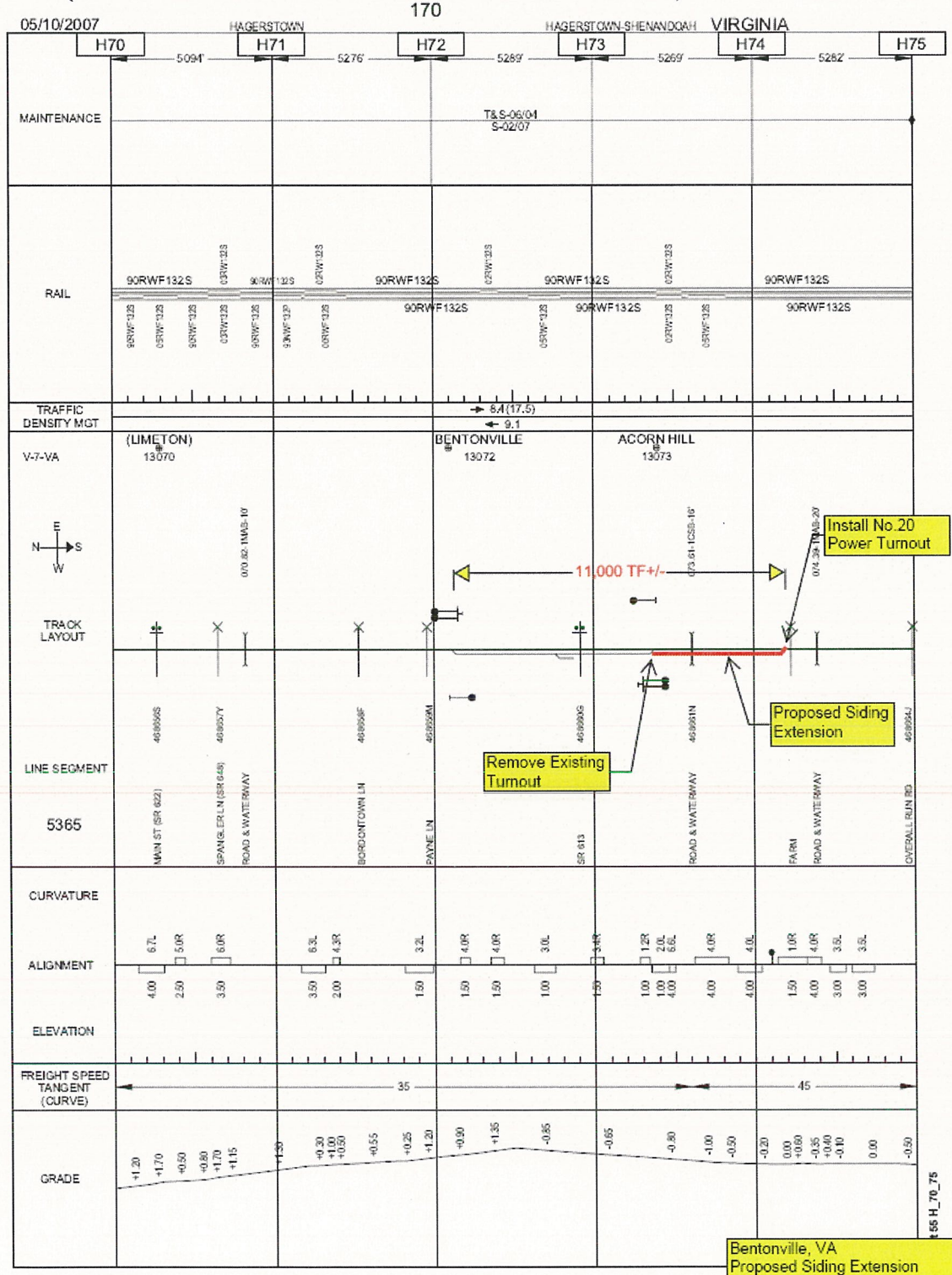
Bentonville, VA
MP H72.1-H74.2, Warren County



Appendix 2 – Details of FY2010 Projects
Norfolk Southern Rail Enhancement Fund Application
January 30, 2009
Amended February 9, 2009

Diagram of Proposed Passing Track Extension – Bentonville, VA

(Red line indicates location of new track construction)



Stanley Passing Track Extension

Project Location: Stanley (town) and Page County, VA, on Norfolk Southern's Riverton-Roanoke main line. Project limits: mp H93.4-H95.5

Owner of Property/Right of Way: Norfolk Southern Railway Company

Responsible Party for Continuous Maintenance of Project: Norfolk Southern Railway Company

Project Information:

Description of Project:

Stanley is located between Riverton and Roanoke, VA on Norfolk Southern's main artery between the Northeast and Tennessee. This line is a secondary main line today but will become a major component of the Crescent Corridor for premium intermodal traffic between the Northeast and two major Tennessee markets. This route is cleared for double stack container traffic and parallels Interstate 81.

The Riverton-Roanoke route is a single track main line, governed by signaled traffic control, with short (less than 8000') passing tracks about every ten miles. Trains pass or overtake each other at passing tracks. This project would upgrade the existing 5,781-foot passing track at Stanley to accommodate longer trains at higher speeds.

Longer passing tracks are needed between Riverton and Shenandoah, about 50 miles. In that distance, there are no places where long trains can meet or pass. Extending the passing tracks at Bentonville and Stanley will provide meeting points between Riverton and Shenandoah that will be essential before Crescent Corridor intermodal service can begin.

At present, trains using the passing track at Stanley are limited to 10 mph. Further, the passing track is only 5,781 feet long. Most of the 7-10 trains/day operating between Roanoke and Shenandoah are too long to fit into the passing track. NS proposes to replace 10% of the crossties in, and to surface, the existing passing track; to replace existing #12 turnouts with #20 turnouts; and to construct 5,200 feet of new track to enlarge the passing track to a total length of 11,000 feet. After completion, any train operating between Roanoke and Riverton will be able to meet or pass any other train at Stanley, and trains using the passing track will be able to operate over it at 25 mph or more.

Appendix 2 – Details of FY2010 Projects
Norfolk Southern Rail Enhancement Fund Application
January 30, 2009
Amended February 9, 2009

Project Objective:

The overall objective of the project is to increase capacity and to speed up train operations on the Riverton-Roanoke main line. This artery today handles merchandise, coal and grain, and will be an important component of the Crescent Corridor for premium intermodal traffic between the Northeast and the major truck markets in Tennessee.

The specific objective is to upgrade and extend the passing track at Stanley. NS trains incur an aggregate delay of 4 hours daily because of the inability to utilize fully the passing track at Stanley. Once the passing track is improved, aggregate delay will be 4 hours less than it is today.

Relationship to other projects under development by applicant or previously funded by this program:

This project complements FY2008 projects on the H-line at Front Royal. NS is completing the upgrading of the Marsh Run-Ashby passing track to main line standards and the construction of about 3.5 miles of new second main line to create a five mile segment of double track between mp H51.9 – H56.9 in the vicinity of the Virginia Inland Port (see NS's application of 6/13/07 for more detail). By extending the existing passing track at Stanley in FY2010, along with the other passing track work between Roanoke and Riverton (Elkton, Bentonville, Glasgow, Sampson, and Troutville, which are either included in this FY2010 Application or the FY2010-FY2015 Application), as well as the proposed passing track extension at Berryville, NS will create ten locations between Roanoke and Hagerstown (240 miles) where two contemporary intermodal trains – Crescent Corridor or otherwise – will be able to meet or pass.

Describe the Public Benefit of Project:

Overall public benefits:

- This project, with the other siding extension projects mentioned above, will make possible Crescent Corridor premium intermodal service. At present, very few locations exist where two 8000' trains can pass each other between Hagerstown and Roanoke. The standard length of a Crescent Corridor intermodal train will be 8000'.
- By reducing aggregate delay, and by making freight rail more attractive to potential rail users, this project will help to improve air quality, conserve fuel (because of rail's efficiency advantage) and reduce truck traffic
- By increasing capacity, the project enables the rail mode to absorb more growth

Appendix 2 – Details of FY2010 Projects
Norfolk Southern Rail Enhancement Fund Application
January 30, 2009
Amended February 9, 2009

Type of Project:

Project is rehabilitation (existing passing track) and new construction (passing track extension) of rail infrastructure. Includes modification to signal and communication equipment (signal upgrading and relocation, and relocation of fiber optic cable).

Application Scope of Work Covers: Entire project

Project Budget Summary (2008 dollars):

| | |
|--|-------------|
| Preliminary Service, Engineering, or Feasibility Study | \$ 134,550 |
| Environmental Evaluation | \$ 146,250 |
| Design Engineering | \$ 280,800 |
| Right-of-way Acquisition | \$ |
| Construction | \$4,434,300 |
| Construction Management | \$ 409,500 |
| Lease/Acquisition of Equipment | \$ |
| Other (Relocate fiber optic cable) | \$ 444,600 |
| | ===== |
| Total Project Budget | \$5,850,000 |

Rail Enhancement Funds Requested in this Application: \$ 4,095,000 (70%)

This request is for capital costs only. NS will assume all ongoing maintenance and operating cost responsibilities and future capital costs.

No provision has been made for crossing closure or grade separation. If Norfolk Southern can successfully negotiate crossing closures as part of the project, the overall project cost may increase but such increase would be funded by Norfolk Southern, thereby increasing NS match to greater than 30%.

Note that these estimates are in 2008 dollars. Revised estimates may be necessary when project begins.

Local Match Required by Applicant: \$ 1,755,000 (30%)

If Overmatch, Provide Percentage: 0%

1) Match Breakdown by Source (include in-kind)

a. Provider of Local Match Norfolk Southern Railway

b. Status (confirmed/anticipated) Confirmed

Appendix 2 – Details of FY2010 Projects
Norfolk Southern Rail Enhancement Fund Application
January 30, 2009
Amended February 9, 2009

2) Other Funding Sources Beyond Match Requirement

a. Provider of Over Match n/a

b. Status (confirmed/anticipated) n/a

M. Project implementation schedule (based in months). List major milestones of the project.

| | |
|--------------------------------|------------------|
| Survey and Develop Plans: | 3 Months |
| Acquire Right of Way: | 3 Months |
| Bidding: | 2 Months |
| Permitting: | 2 Months |
| Relocation of Fiber Optic Line | 1 Month |
| Grading: | 4 Months |
| Track work: | 3 Months |
| Total: | 18 Months |

Statement on how this Project promotes or does not preclude Dual/Multi-Access Use:

This project is on Norfolk Southern owned right-of-way on which only Norfolk Southern operates; the rail line will remain an exclusive Norfolk Southern route. There is no proposal to change current operations and allow dual access by another railroad on this track. (The competing north-south route of CSX Transportation, Inc. extends between Alexandria, VA and Rocky Mount, NC [via Richmond, VA].)

Also, Project anticipates intermodal freight growth and will enable service enhancements that will attract domestic truck traffic from many trucking companies. In this sense, Project promotes multi-access (i.e., by trucking companies) use.

List additional users of rail line, facility, and/or equipment: trucking companies using intermodal service offered by Norfolk Southern.

Identify any possible Environmental or other issues/concerns within the scope of this project.

Overall environmental effects are expected to be beneficial as rail freight is considerably more fuel efficient and less polluting than truck freight.

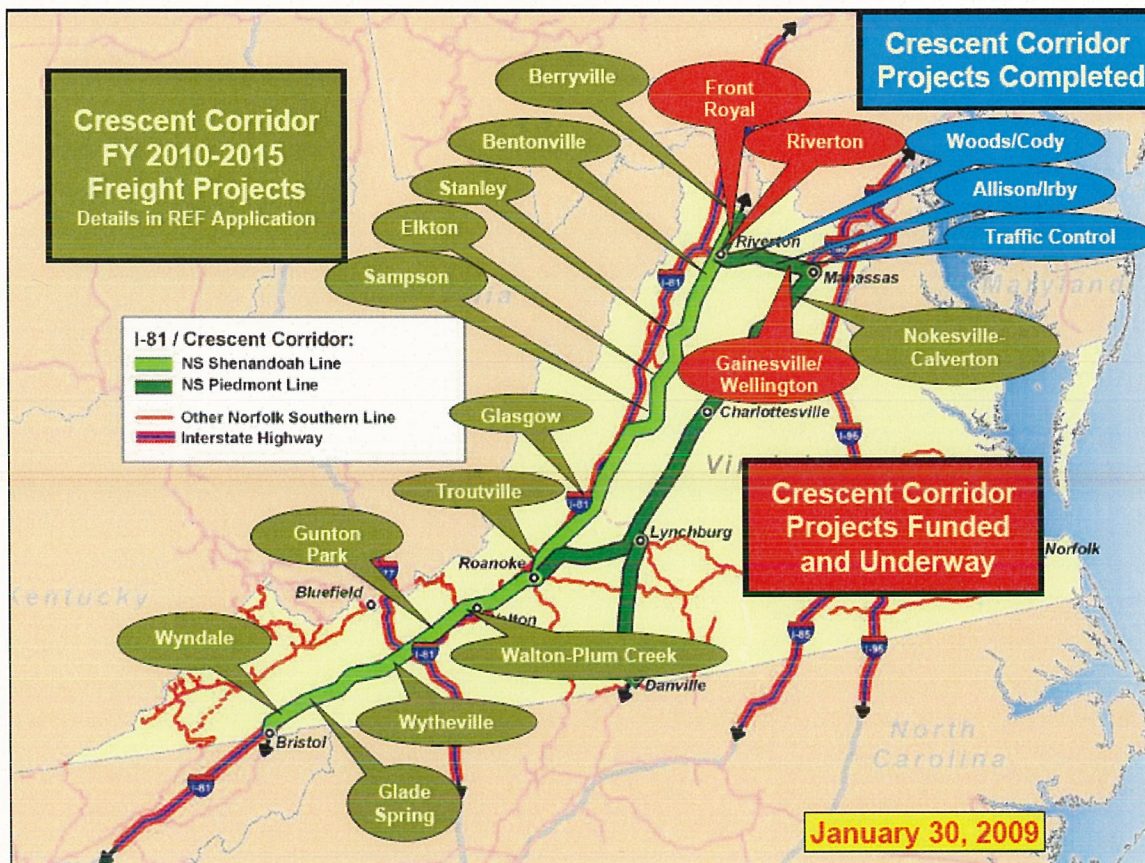
There are no known environmental issues or concerns at this time.

Appendix 2 – Details of FY2010 Projects
Norfolk Southern Rail Enhancement Fund Application
January 30, 2009
Amended February 9, 2009

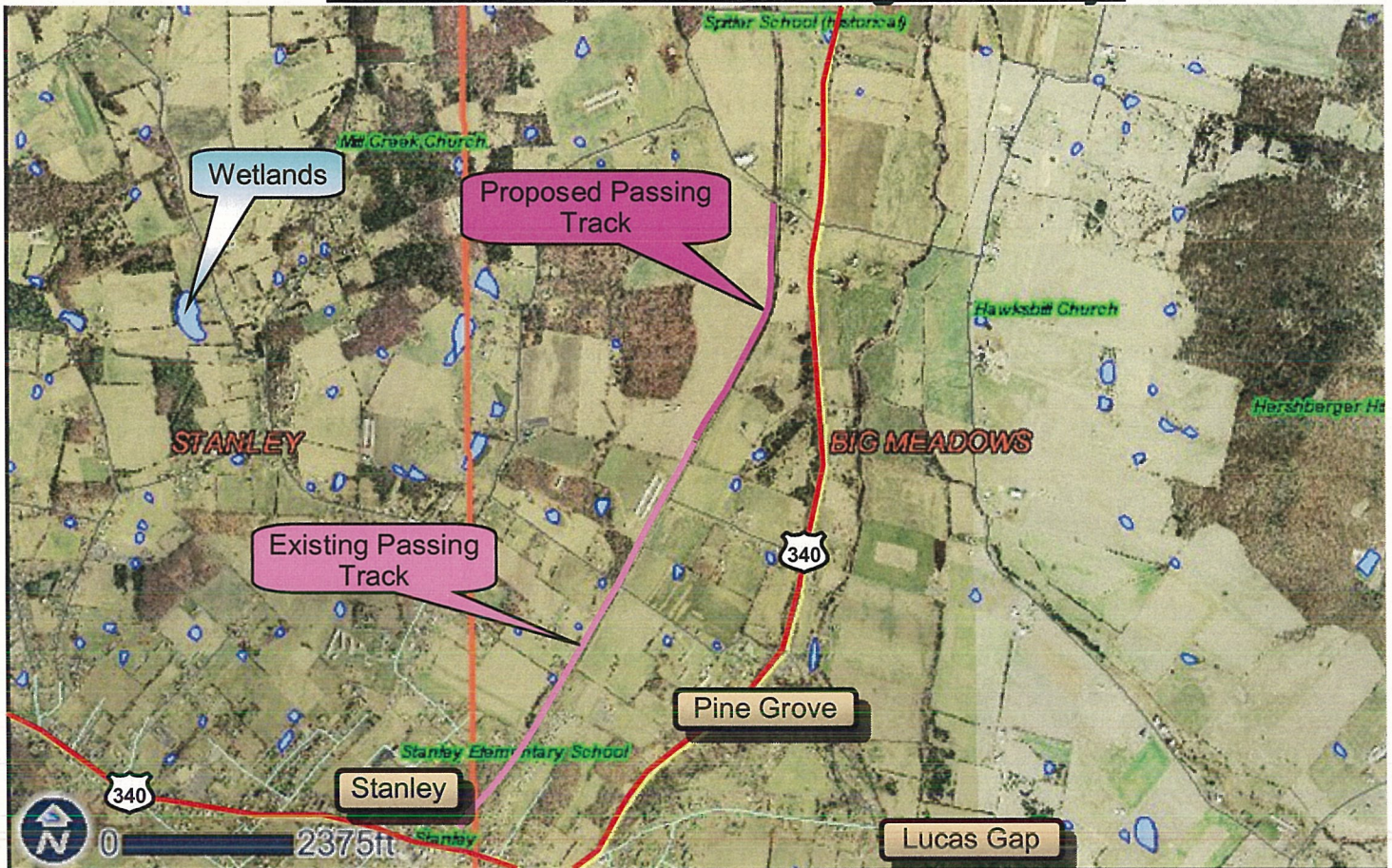
Added Capacity to Rail Corridor (Additional Railcars or Passengers)

When viewed in isolation, the expanded passing track at Stanley will reduce 4 hours aggregate train delay. When combined with the other proposed passing track projects between Hagerstown and Roanoke, as well as the five miles of double track north of Front Royal, the aggregate train delay is reduced by approximately 30 hours per day. Reducing this delay will allow faster turn times for assets such as locomotives, crews and freight cars. When combined with other planned or proposed projects, the synergies will enable additional train starts and increased throughput on this north-south corridor.

Project Map



Stanley, VA
MP H93.4 – H95.4, Page County

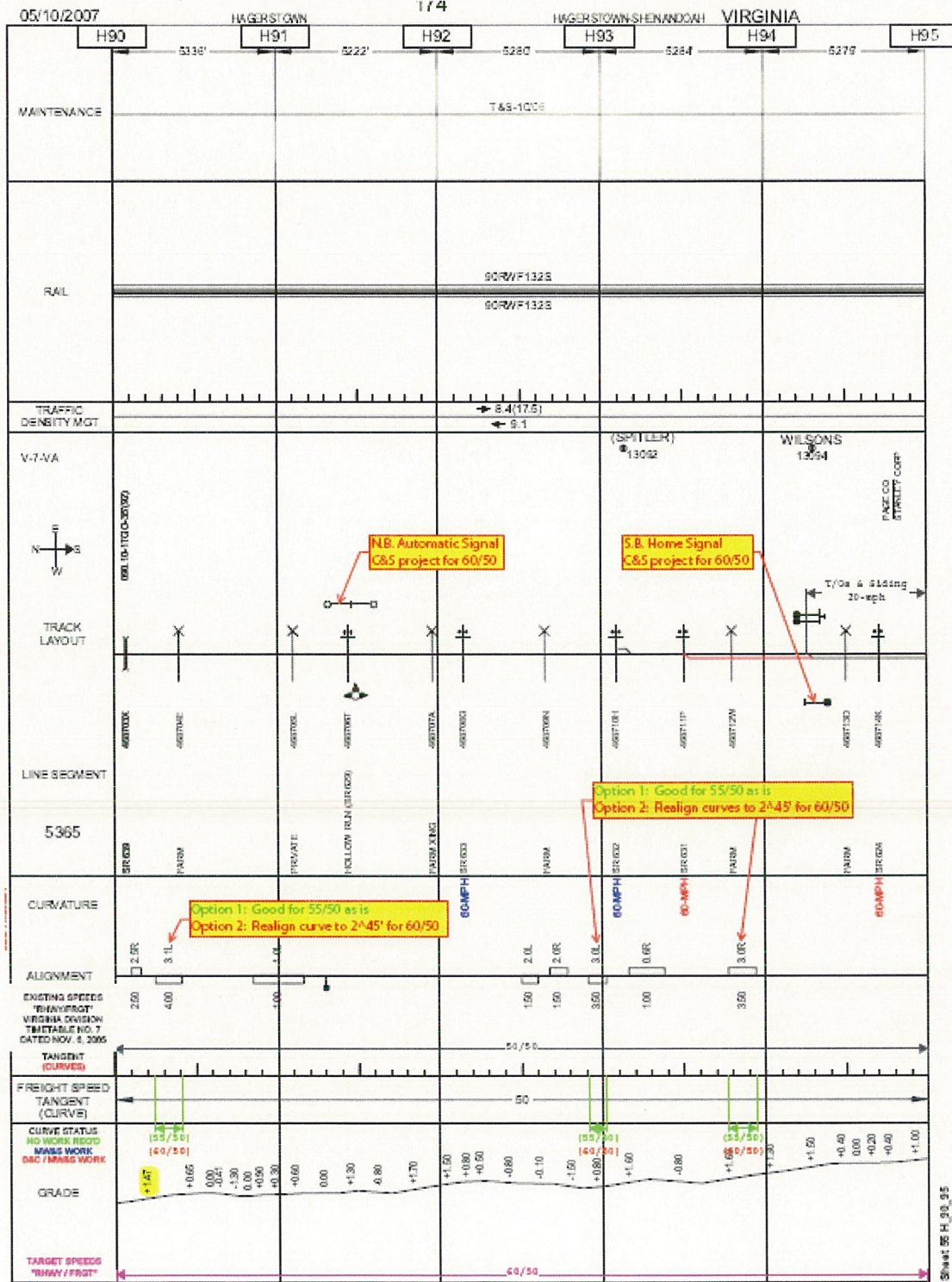


July 15, 2008

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Diagram of Proposed Passing Track Extension – Stanley, VA

(Red line indicates location of new track construction)



Amended February 9, 2009

